

VOLUNTARY DISSOLUTION OF DOMESTIC STOCK CORPORATIONS

The voluntary dissolution of a domestic stock corporation is initiated by an election to dissolve. The election to dissolve may be made by the vote or written consent of at least fifty percent of the outstanding shares of the corporation or, if no shares have been issued, by the board of directors.

Following the election, a Certificate of Election to Wind Up and Dissolve must be prepared and filed with this office. To complete the dissolution, a Certificate of Dissolution must also be prepared and filed with this office. The Certificate of Election must be filed prior to, or simultaneously with, the Certificate of Dissolution.

NOTE: If the election to dissolve is made by the vote of all the outstanding shares, the Certificate of Election is **not** required to be filed if the Certificate of Dissolution includes the statement that **The election to dissolve was made by the vote of all the outstanding shares.**

Samples for both methods, drafted to meet statutory requirements for most filings, are attached and can be used as a guide when drafting documents. Modifications can be made, as necessary, to meet the specific needs of the dissolving corporation. Please refer to California Corporations Code Sections 1901 and 1905 prior to modification.

A current and valid Tax Clearance Certificate issued by the Franchise Tax Board or a completed Request for Tax Clearance Certificate – Corporation (form FTB 3555) should accompany the Certificate of Dissolution.

- If the Certificate of Dissolution (meeting statutory requirements) is accompanied by a current and valid Tax Clearance Certificate, the Certificate of Dissolution will be filed as a **final** dissolution.
- If the Certificate of Dissolution (meeting statutory requirements) is accompanied by a completed form FTB 3555, the Secretary of State will forward form FTB 3555 to the Franchise Tax Board and the dissolution will be considered “**conditional**” pending issuance of the Tax Clearance Certificate. When issued, the Franchise Tax Board will forward a copy of the Tax Clearance Certificate to the Secretary of State’s Office at which time the dissolution will become final as of the date the Certificate of Dissolution was filed by the Secretary of State’s Office.
- The corporate powers, rights and privileges cease upon the **filing** of the Certificate of Dissolution with the Secretary of State. Corporate existence continues, however, until a Tax Clearance Certificate is issued by the Franchise Tax Board.

Form FTB 3555 can be obtained by calling the Franchise Tax Board at 1-800-338-0505 or can be downloaded from the [Franchise Tax Board’s Internet Web site](#). Questions regarding the issuance of a Tax Clearance Certificate or the completion of form FTB 3555 must be directed to the Franchise Tax Board.

Documents **must** be mailed or hand delivered for over the counter processing to the Sacramento office at:

Business Programs Division (916) 653-2318
1500 11th Street
Sacramento, CA 95814
Attention: Document Filing Support Unit

Dissolution documents cannot be filed in a branch office at this time.

All dissolution documents must be filed with the Secretary of State. Mailing or submitting dissolution documents to other state or federal agencies, including the Franchise Tax Board and the Internal Revenue Service, will not satisfy the statutory filing requirements for dissolution.

For proof of submittal of proposed dissolution documents, it is recommended that documents mailed to the Secretary of State’s Office be sent by Certified Mail, Return Receipt Requested. To expedite processing, documents submitted by mail should be accompanied by a self-addressed envelope and a letter referencing the corporate name and corporate number as well as the name, telephone number and address to whom documents are to be returned.

THERE IS NO FEE FOR FILING A CERTIFICATE OF ELECTION TO WIND UP AND DISSOLVE OR A CERTIFICATE OF DISSOLUTION.

The Secretary of State will certify two copies of the filed dissolution document(s), without charge, **provided that the copies are submitted to the Secretary of State with the originals to be filed.** Any additional copies submitted with the original will be certified upon request and payment of the \$8.00 per copy certification fee.

A \$15.00 **special handling fee** is applicable for expedited processing of documents delivered in person at the public counter in the Sacramento Headquarters Office. The \$15.00 special handling fee must be remitted by separate check for each submittal and will be **RETAINED WHETHER THE DOCUMENTS ARE FILED OR REJECTED.** The special handling fee does not apply to documents submitted by mail.

**PLEASE REFER TO THE CORPORATE NUMBER WHEN SUBMITTING
DOCUMENTS FOR FILING TO ENSURE PROPER APPLICATION**

INSTRUCTIONS:

THE SAMPLES PROVIDED ARE TO BE USED AS A GUIDE FOR THE PREPARATION OF DOCUMENTS TO BE FILED TO DISSOLVE A DOMESTIC STOCK CORPORATION.

To dissolve it will be necessary to first determine which method of dissolution is appropriate and then to prepare a document, or documents, as described below.

Instructions for preparing a Certificate of Dissolution when dissolving with 100% SHAREHOLDER APPROVAL – Use sample SINGLE STK DISS 100%

When dissolving with 100% Shareholder Approval there is no requirement for the filing of a Certificate of Election to Wind Up and Dissolve. However, as required by Corporations Code Section 1905(a)(6), the Certificate of Dissolution must include the statement **The election to dissolve was made by the vote of all the outstanding shares.**

The **Certificate of Dissolution must** be executed by a majority of directors of the corporation now in office. The samples provide spaces for three signatures. If more or less signature space is required (depending on the number of individuals constituting a majority of directors), make adjustments as necessary.

Paragraph 1: Include the name of the corporation **exactly** as the name is of record with the Secretary of State. The certificate must include the name of the dissolving corporation and must indicate that the person(s) executing the certificate are a majority of directors of the corporation now in office.

Paragraph 2: Include this exact statement. The Corporations Code requires the certificate to state **The corporation has been completely wound up.**

Paragraph 3: Choose the applicable statement and include that statement when drafting the certificate. (Note, only **one** of the five options can be included.) The Corporations Code requires the certificate to include a statement as to the disposition of the corporation's known debts and liabilities.

If the debts and liabilities are being assumed, the name and address of assumer must be included as part of this paragraph.

Paragraph 4: Include this exact statement. The Corporations Code requires the certificate to include a statement regarding the distribution of assets.

Paragraph 5: Choose the applicable statement and include that statement when drafting the certificate. (Note, only **one** of the two options can be included.)

NOTE: If the Certificate of Dissolution is accompanied by a valid Tax Clearance Certificate issued by the Franchise Tax Board (allowing for a final dissolution) or by form FTB 3555 (allowing for a **“conditional” dissolution**), neither statement is required to be included in the certificate.

Paragraph 6: Include this exact statement. The Corporations Code requires the Certificate of Dissolution to include this statement to eliminate the requirement for filing a separate Certificate of Election to Wind Up and Dissolve. Note, if this statement does not apply, both a Certificate of Election to Wind Up and Dissolve **and** a Certificate of Dissolution must be filed following samples STK ELEC and STK DISS.

Paragraph 7 Include this exact statement. The Corporations Code requires the certificate to state **The corporation is dissolved.**

- The certificate must be verified under penalty of perjury, dated and signed, with the person's name and title of “director” typed directly beneath each signature.

- To expedite processing, documents submitted by mail should be accompanied by a self-addressed envelope and a letter referencing the corporate name and corporate number as well as your own name, telephone number and return address.
- The Secretary of State strongly recommends that competent legal counsel be consulted prior to submitting dissolution documents to ensure that all issues are appropriately addressed.

Instructions for preparing a Certificate of Election to Wind Up and dissolve and a Certificate of Dissolution when dissolving with LESS THAN 100% SHAREHOLDER APPROVAL or PRIOR TO THE ISSUANCE OF SHARES – Use samples STK ELEC and STK DISS

When dissolving with less than 100% shareholder approval, or prior to the issuance of shares, it is necessary to file both a Certificate of Election to Wind Up and Dissolve **and** a Certificate of Dissolution.

The Certificate of Election to Wind Up and Dissolve can be an Officers' Certificate as defined by Corporations Code Section 173, can be signed and verified by shareholders representing at least 50% of the voting power, or can be signed and verified by a majority of directors. The Certificate of Dissolution **must** be executed by a majority of directors. Because the Certificate of Dissolution **must** be executed by a majority of directors, the samples have been formatted using directors. The samples provide spaces for three signatures. If more or less signature space is required (depending on the number of individuals constituting a majority of directors), make adjustments as necessary.

Sample STK ELEC

- Paragraph 1: Include the name of the corporation **exactly** as the name is of record with the Secretary of State. The certificate must include the name of the dissolving corporation and must indicate that the person(s) executing the certificate are a majority of directors of the corporation now in office.
- Paragraph 2: Include this exact statement. The Corporations Code requires the certificate to state **The corporation has elected to wind up and dissolve.**
- Paragraph 3: Choose the applicable statement and include that statement when drafting the certificate. (Note, only **one** of the two options can be included.) The Corporations Code requires the certificate to identify how the election to dissolve was made. If the applicable statement is **The election to dissolve was made by the vote of ____ shares representing at least 50 percent of the voting power of the corporation**, the statement must include the number of shares voting for the election to dissolve.

Sample STK DISS

- Paragraph 1: Include the name of the corporation **exactly** as the name is of record with the Secretary of State. The certificate must include the name of the dissolving corporation and must indicate that the person(s) executing the certificate are a majority of directors of the corporation now in office.
- Paragraph 2: Include this exact statement. The Corporations Code requires the certificate to state **The corporation has been completely wound up.**
- Paragraph 3: Choose the applicable statement and include that statement when drafting the certificate. (Note, only **one** of the five options can be included.) The Corporations Code requires the certificate to include a statement as to the disposition of the corporation's known debts and liabilities.

If the debts and liabilities are being assumed, the name and address of the assumer must be included as part of this paragraph.

Paragraph 4: Choose the applicable statement and include that statement when drafting the certificate. (Note, only **one** of the two options can be included.) The Corporations Code requires the certificate to include a statement regarding the distribution of assets.

Paragraph 5: Choose the applicable statement and include that statement when drafting the certificate. (Note, only **one** of the two options can be included.)

NOTE: If the Certificate of Dissolution is accompanied by a valid Tax Clearance Certificate issued by the Franchise Tax Board (allowing for a final dissolution) or by form FTB 3555 (allowing for a “**conditional**” **dissolution**), neither statement is required to be included in the certificate.

Paragraph 6: Include this exact statement. The Corporations Code requires the certificate to state **The corporation is dissolved.**

- The certificates must be verified under penalty of perjury, dated and signed, with the person’s name and title of “director” typed directly beneath each signature.
- To expedite processing, documents submitted by mail should be accompanied by a self-addressed envelope and a letter referencing the corporate name and corporate number as well as your own name, telephone number and return address.
- The Secretary of State strongly recommends that competent legal counsel be consulted prior to submitting dissolution documents to ensure that all issues are appropriately addressed.

CERTIFICATE OF DISSOLUTION

The undersigned certify that:

1. They constitute a majority of the directors now in office of _____ *(NAME OF CORPORATION)* _____, a California Corporation.
2. The corporation has been completely wound up.
3. The corporation's known debts and liabilities have been actually paid.

OR

3. The corporation's known debts and liabilities have been paid as far as its assets permitted.

OR

3. The corporation's known debts and liabilities have been adequately provided for by their assumption by _____ *(type name and address of assumer)* _____.

OR

3. The corporation's known debts and liabilities have been adequately provided for as far as its assets permitted. *(Type what provision has been made, setting forth the name and address of the corporation, person or governmental agency that has assumed or guaranteed the payment, or the name and address of the depository with which deposit has been made or other information necessary to enable creditors or others to whom payment is to be made to appear and claim payment.)*

OR

3. The corporation never incurred any known debts or liabilities.
4. The known assets have been distributed to the persons entitled thereto.

5. A person or corporation assumes the tax liability, if any, of the dissolving corporation as security for the issuance of a Tax Clearance Certificate from the Franchise Tax Board and is responsible for additional corporate taxes, if any, that are assessed and that become due after the date of the assumption of the tax liability.

OR

5. The tax liability will be satisfied on a taxes paid basis.
6. The election to dissolve was made by the vote of all the outstanding shares.
7. The corporation is dissolved.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

DATE: _____

(Signature of Director)
(Typed Name of Director), Director

(Signature of Director)
(Typed Name of Director), Director

(Signature of Director)
(Typed Name of Director), Director

NOTE

Choose only one of the #3 statements

CONTINUE TO PARAGRAPH 4

NOTE

Choose only one of the #5 statements

CONTINUE TO PARAGRAPH 6

Note: Documents should be drafted following this sample only if the corporation issued shares and the election to dissolve was made by the vote of **all** the outstanding shares. If no shares were issued or if the election to dissolve was made by less than all of the outstanding shares, both a Certificate of Election to Wind Up and Dissolve and a Certificate of Dissolution must be prepared and filed following samples STK ELEC and STK DISS.

**CERTIFICATE OF ELECTION
TO WIND UP AND DISSOLVE**

The undersigned certify that:

1. They constitute a majority of directors now in office of _____ (*NAME OF CORPORATION*), a California corporation.
2. The corporation has elected to wind up and dissolve.
3. The election was made by the vote of _____ shares of the corporation, and representing at least 50 percent of the voting power of the corporation.

OR

3. The corporation has not issued any shares, the election was made by the board of directors of the corporation.

NOTE

*Choose only
one of the #3
statements*

CONTINUE TO
DECLARATION

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

DATE: _____

(*Signature of Director*)
(*Typed Name of Director*), Director

(*Signature of Director*)
(*Typed Name of Director*), Director

(*Signature of Director*)
(*Typed Name of Director*), Director

A CERTIFICATE OF ELECTION TO WIND UP AND DISSOLVE MUST BE FILED PRIOR TO OR SIMULTANEOUSLY WITH THE CERTIFICATE OF DISSOLUTION - Sample STK DISS.

Note: If the corporation issued shares and the election to dissolve was made by the vote of **all** the outstanding shares, the Certificate of Election is not required. Draft the Certificate of Dissolution following the sample SINGLE STK DISS 100%.

